

31A-22-104. Indemnity agreements and security for benefit of surety.

(1) Any insurer authorized to do a surety business may contract with any person, including a principal debtor under a suretyship obligation, for indemnity or security to protect the surety against losses. No indemnity agreement or provision of security by the principal debtor releases from or changes the liability of the principal debtor or of the sureties from the terms established in the bond. No surety may be indemnified through funds held by the principal debtor in a fiduciary capacity.

(2) Security may be in any of the following forms:

(a) deposits of money or other property of the principal debtor which can be held by a responsible financial institution authorized by law to do that type of business, in a manner that prevents withdrawal or alienation of the money or other property without the written consent of the sureties or an order of a court of competent jurisdiction made after notice is given to the sureties and a hearing is held as directed by the court; or

(b) security interests in real or personal property perfected under the laws of Utah.

(3) This section does not affect a surety's common-law right to reimbursement, subrogation, or exoneration.

Amended by Chapter 218, 1987 General Session